

RD AN No. 3787 (3570-B)
September 16, 2002

TO: State Directors
Rural Development

ATTN: Community Programs Managers

FROM: Arthur A. Garcia *(Signed by Arthur A. Garcia)*
Administrator
Rural Housing Service

SUBJECT: Community Facilities Grant Program
Maximum Eligible Federal Grant Assistance

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) provides clarification on the use of Federal grant assistance (the Federal share) toward the cost of developing essential community facilities under the Community Facilities (CF) grant program.

COMPARISON WITH PREVIOUS AN:

This AN replaces and updates RD AN No. 3678 (3570-B) dated September 11, 2001.

IMPLEMENTATION RESPONSIBILITIES:

Use of Federal Grant Funds

RD Instruction 3570-B, section 3570.63(a), provides that CF grant assistance may not exceed 75 percent of the cost to develop an essential community facility. In addition, section 306(a)(19)(B)(i) of the Consolidated Farm and Rural Development Act limits the total Federal grant participation to 75 percent of the cost of a community facility.

Previously, the Agency determined that no limit was placed on the overall Federal grant assistance provided for a project. However, after carefully reviewing the statute, we have

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Preceding RD Instruction 3570-B

determined that the 75 percent limitation applies to both Community Facilities grant assistance and any other Federal grant assistance. Therefore, the maximum that can be provided with Community Facilities grant funds and any other Federal grant assistance is limited to 75 percent of the total project cost. No limitation is placed on the amount of Federal direct and guaranteed loan participation.